

# Equity Metals Corporation

*A Manex Resource Group Company*

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## President's Letter

### REPORT TO SHAREHOLDERS:

A Manex Resource Group team recently took over management of your company and changed the name from New Nadina to Equity Metals Corporation to emphasize that the Company was changing. Equity then raised \$1,050,000 in a financing with shareholders familiar with the Manex group. It is a fair question to ask what we saw in the old company and what we intend to do differently that will affect your investment.

First a bit of background. Fred Sveinson, a well-known mining engineer in the Canadian Junior exploration world, was hired by New Nadina as an advisor to the Board to suggest ways that the Company could increase shareholder value, and potentially develop and operate a small underground mine at the Silver Queen property. Fred had been involved with several of the Manex Companies over the past few years and advised the New Nadina Board that bringing in Manex' expertise in mineral exploration, junior-company legal matters, and promotion/financing may advance the Company's value by further expanding the resource base via exploration rather than to develop a potentially underfunded small mining operation. Fred contacted the Manex team, which set up a review of New Nadina with a focus on the Company's assets. The technical evaluation was led by Rob Macdonald, who recognized the highest-priority asset in New Nadina's diverse portfolio of Canadian properties is the Silver Queen high-grade vein/porphyry property. Potential issues were identified and deemed to be resolvable. After three months of due diligence, the Manex team took over management of the Company in August.

Silver Queen is the asset that we see as delivering the most shareholder value in the near term, but the Company has several very interesting assets and we are evaluating the best way to unlock value from them. Below is a summary of the assets:

**Silver Queen Precious & Base Metal property** – This is a past-producing Au/Ag/Zn epithermal vein system that already has a significant high-grade resource on four of the more extensively drilled veins. Drilling in 2011 intersected porphyry-style copper/molybdenum/gold mineralization to the southeast of the epithermal veins and may be genetically related to the vein system, which together, constitutes a large, district-scale exploration opportunity. Such systems are typically well zoned, making geochemistry and alteration strong predictive tools to discover blind mineralization. Importantly, much of the well-drilled shallow mineralization is open to depth, and Rob (now VP Exploration for Equity Metals) has developed an initial drill plan to test those high-grade zones deeper in order to quickly add high-grade mineralization to the resource base. *The goal is to ultimately increase the high-grade vein resource to +1.5million ounces of gold-equivalent.* Data is still being compiled, and we expect new targets to be developed as we create a proper 3D model of this large mineralized system.

In addition to the size and quality of the current Mineral Resource Estimate and the now-enhanced exploration potential, the property has several other important attractive features, including: a) the property is wholly owned by the Company with no underlying option payments and no royalty burdens; b) logistics are excellent with good road access from the town of Houston, a small camp exists on site, topography being moderate, and location in a snow shadow; c) abundant mining activity occurs in the region; and d) power and water are available. Access issues to portions of the property are being addressed and a 5-year permit for drilling has been submitted, with initial holes planned to test three known high-grade zones below current resource blocks. Drilling is expected in Q1 and Q2 of 2020.

**Monument Diamond property** – The Company holds a 57.3% interest and is operator of the Monument Diamond Project, located about 40km from both the Diavik and Ekati diamond mines. The property hosts 12 different diamond-bearing kimberlites with a total of 2,437 microdiamonds recovered from past drilling; the largest discovered to date being 0.445 carats. Carbon has been identified in some of the kimberlite pipes on the property, indicating a near surface, eruptive level of the kimberlite pipe. Collapse after eruption of the kimberlite tends to dilute the diamond-bearing kimberlite with unmineralized material that falls into the crater, including carbon from surficial plant material.

Diamonds are not all the same and value is determined by the types of diamond as well as individual sizes of the diamonds. Typically, a small percentage of the diamonds in a kimberlite provide almost all the profit, and new types

of analyses are now available that can assist in evaluating the quality and value of diamond deposits. The Company will be evaluating these new techniques to determine if additional testing is necessary on the diamonds already recovered.

The company recently received notice of approval of its new 5-year exploration permit, and the partners have posted the increased cash bond to cover additional reclamation costs. Although the diamond market currently is very soft, experts note that several mines are expected to be depleted over the next several years; thus, we consider Monument to be a valuable asset that does not need to be aggressively pursued at this time.

**WO Diamond property** – The Company holds a minority interest in the WO Diamond property, which immediately adjoins the Diavik Diamond Mine claims. Joint-venture ownership consists of DeBeers Canada (72.13%), Archon Minerals Limited (17.57%) and DHK Diamonds Inc. (10.30%), with DeBeers being the project operator. Equity Metals owns a 43.37% interest in DHK Diamonds Inc. An encouraging 2007 bulk sample produced individual rough diamonds up to 9.45 carats. DHK has not received proposed work plans for 2020 from DeBeers.

**Greenwood Royalty** – New Nadina sold its interest in a large group of claims in the Greenwood district in B.C. to Golden Dawn Minerals Inc in 2017 for shares and a retained royalty. The shares were subsequently sold, but the Company retains the 1% NSR royalty on this past-producing precious- and base-metal property. Golden Dawn has the right to purchase half of the royalty from the Company for \$1.0 million in the first 5 years and for \$1.2 million in the following 5 years. Equity's royalty claims include the Phoenix open pit mine, where Golden Dawn's website reports that approximately 25.5 million tons were produced at an average grade of 0.9% copper and 1.1g/t gold between 1959 and 1976. Additional production of approximately 1.7 million tons were reported from other mines on the royalty claims. Golden Dawn holds a land package immediately to the south of the royalty claims that includes the Greenwood metal-processing mill and have announced plans to re-open the mill with feed from mines on its property and potentially from toll mill-feed from others. They report that they intend to explore the Company's royalty ground for additional mill feed. The Company is evaluating the potential value of this royalty to Equity.

**Saskatchewan Silica Sand property** – New Nadina acquired a lease for silica sand that was set to expire December 2019; however, the lease was extended for another 5-year period while we evaluate its potential value to the Company. The cost to extend the lease was minimal. Although silica has many industrial uses, in most cases the value is strongly influenced by shipping costs to a specific market; further evaluation is necessary to determine potential value to the Company.

Equity Metals has a diverse mix of interesting assets, and some may be more appropriately sold, dropped, or held for future value. That evaluation is on-going while we focus the vast majority of our effort and financial expenditures on expanding the attractive high-grade resource at Silver Queen.

Management and directors wish to thank shareholders for their support and confidence as we redirect the Company moving forward.

*“Joseph Anthony Kizis, Jr.”*

Joseph Anthony Kizis, Jr.  
President & Director  
December 16, 2019